

Surcharge Calculations

The Surcharge is an additional employer charge based on the salaries of lower-paid SERS members. It is exclusively used to fund health care.

The Surcharge is calculated at 14% of the difference between an employee's annual compensation amount and the minimum compensation amount, which is determined annually by the System's actuaries. This is available on the [Audit Resources](#) page.

The Surcharge is limited to 2% of each district's total qualified SERS payroll, not the total of the initial individual Surcharge. The statewide limit is 1.5% of total qualified payroll for all employers.

Example: For FY2021, if the minimum compensation level is \$23,000, and the employee earns \$7,000, the surcharge is \$2,240.

Minimum annual compensation amount	\$23,000
Covered compensation	7,000
Difference	16,000
Initial Individual Surcharge	$\$16,000 \times 14\% = \$2,240$

If the member is paid for less than 120 days during the year, the Surcharge is pro-rated.

The fraction used is the number of days paid over 180 days, a school year. This is the same fraction used in determining the amount of contributing service credit for a member.

Example: The Surcharge for the above employee who works only 110 days is \$1,077.80.

Initial individual surcharge	\$1,764
Pro-rated fraction	110 days/180 days = 0.611
Pro-rated Surcharge	.611 x \$1,764 = \$1,077.80

The Surcharge applies to SERS members reported during the fiscal year who earned below the minimum compensation except:

- Members who retired, refunded their account, or received disability benefits effective before July 1
- Members who died before July 1
- Reemployed Ohio public retirees

The first exception is tracked by SERS internally, and the affected member should not appear in the Surcharge listing. However, SERS is not always aware of the second and third instances.

The employer will receive an eSERS message board message advising that the Surcharge Report is available for review.

During the Surcharge process, you should review your Surcharge Report. If you identify any members who meet the last two qualification, please send an email to Employer Services to have them exempt from the report at employerservices@ohsers.org.

The Surcharge Report is available on eSERS in August of each year.

Surcharge Payment

Payment of the Surcharge amount is due within 30 days from notification that the final Surcharge amount has been calculated. This will need to be completed in the Payment Remittance application on eSERS.

Foundation Program

If your district is participating in the Foundation Program and chose to have the Surcharge collected from its Foundation payments, SERS automatically deducts the Surcharge payment from your September Foundation payment.

Please refer to your Foundation Deduction Notice if you are unsure if SERS is collecting for your Surcharge. This notice is found in eSERS.



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CONTACT US

300 E. Broad St., Suite 100
Columbus, OH 43215-3746

[Directions to SERS](#)

Columbus area:

(614) 222-5853

Member and Retiree toll-free:

(800) 878-5853

Employer toll-free:

(877) 213-0861